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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA

IN RE: Chapter 9
CITY OF CHESTER, Case No. 22-13032-amc
PENNSYLVANIA,
Debtor. 900 Market Street
Philadelphia, Pennsylvania
Tuesday, June 27, 2023

TRANSCRIPT OF VIDEO HEARING RE:
MOTION OF CHESTER WATER AUTHORITY FOR DISCLOSURE OF
COMPENSATION OF LEGAL PROFESSIONAL REPRESENTATION OF THE
DEBTOR'S ELECTED OFFICIALS
BEFORE THE HONORABLE ASHELY M. CHAN
UNITED STATES BANKRUPTCY JUDGE

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(Appearances Continued)

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ARGUMENT BY MR. KENT

6

COURT DECISION

7

1 (Proceedings commence)

2 THE COURT: It's June the 27th. The first and only
3 matter is Chester -- City of Chester. It's the motion of
4 Chester Water Authority for disclosure of compensation of
5 legal professional representation of the debtor's elected
6 officials.

7 Could participating attorneys make their
8 appearance, please.

9 Good afternoon --

10 MR. SUMMERS: Good afternoon, Your Honor. Good
11 afternoon, Your Honor. Matthew Summers, Ballard Spahr, on
12 behalf of the City of Chester. Appearing with me today is
13 Toby Daluz.

14 THE COURT: Welcome.

15 MR. KENT: Good afternoon, Your Honor. Kevin Kent
16 from Clark Hill, representing the Chester Water Authority. I
17 also have my colleagues Megan Guernsey, Ron King, and Bill
18 Price here with me.

19 MR. PFEIFFER: Good afternoon, Your Honor. Mark
20 Pfeiffer from Buchanan, Ingersoll & Rooney representing the
21 elected officials.

22 MR. DONATELLI: May it please the Court, Your
23 Honor, Guy Donatelli on behalf of Aqua Pennsylvania, Inc.

24 THE COURT: Okay. Okay. So, Mr. Pfeiffer, a
25 couple of questions before you.

1 The last time we were all together or at least the
2 last time I was looking at everything, I believe that your
3 firm received a total of two payments in connection with this
4 bankruptcy matter. Is that true or have any other payments
5 been made since the time that you filed that affidavit?

6 MR. PFEIFFER: Your Honor, to clarify, I think the
7 two payments were made in connection with the Act 47 matter,
8 the state --

9 THE COURT: Oh --

10 MR. PFEIFFER: -- Commonwealth Court matter.

11 THE COURT: Okay.

12 MR. PFEIFFER: The retention in this bankruptcy
13 case will likely go through the professionals procedure that
14 the Court established a couple of weeks ago.

15 THE COURT: Okay.

16 MR. PFEIFFER: We have not received any other
17 payments since that date.

18 And to clarify, to the extent that my -- the
19 affidavit was ambiguous, those payments came from the City
20 itself, not from any other party. There is no agreement by
21 any party, either side agreement, express, over, or implied,
22 of payment from anybody other than the City.

23 THE COURT: Okay. And so, when you say "the City,"
24 you mean, basically, the Council and the Mayor approved that
25 payment. Is that correct?

1 MR. PFEIFFER: The retention is with the City
2 itself on behalf of the Mayor and Council. So the payment
3 would be coming from the City itself.

4 THE COURT: Okay. All right. All right. I'm --
5 thank you for that clarification.

6 I mean, I just wanted to note that the debtor is
7 required, as a condition of confirmation under Section 943 to
8 disclose all amounts to be paid by the debtor or any person
9 for services or expenses in the case or incident to the plan.
10 So whoever pays your legal bills in connection with the
11 City's representation in this case is something that I think
12 would be something that would have to be disclosed.

13 So, having said that, I guess I just wanted to hear
14 from the movant if they had any other questions because, at
15 this point, I'm pretty reluctant to get any more involved,
16 other than having just to ask that question to Mr. Pfeiffer.
17 You know, I do want to observe the sovereignty of the City,
18 and I think that that basically takes me up to my
19 jurisdiction. But I wanted to hear from the movant if they
20 had any other thoughts at this point.

21 MR. KENT: Thank you, Your Honor. Kevin Kent again
22 for the Chester Water Authority.

23 I certainly understand Your Honor's concerns about
24 sovereignty and we're not looking to ask this Court to
25 exercise, really, any form of control over anything that the

1 elected officials are doing.

2 This is a 2004 motion simply seeking information.
3 And if you recall early on in this case, there were questions
4 raised and I think representations made about fee agreements
5 being made available, budgets being made available for the
6 elected officials' counsel. We haven't seen those. We don't
7 know what the impact could be on the debtor down the line.
8 And that's important for purposes of a plan of confirmation.

9 There have been affidavits filed in this case, but
10 frankly, some of the affidavits raise more questions than
11 they do provide answers.

12 While I understand Mr. Pfeiffer's representation,
13 but it doesn't answer the question of what communications
14 have been had about how proceeds may be used from, for
15 example, a forced sale.

16 There is an asset purchase agreement that has been
17 an exhibit in this -- actually, I'm sorry, not an exhibit in
18 this case, but has been referenced in an ordinance that's an
19 exhibit in this case. We don't have that. We don't know
20 what payments may be made on behalf of the City -- the
21 elected officials -- or to the elected officials' counsel
22 down the line, and that's important for us to understand in
23 this case. And we are a creditor.

24 THE COURT: Okay. I mean, I think that my position
25 at this time is, given my sovereignty concerns, I think I

1 would be inclined to deny your motion. But certainly, you
2 should feel free to file whatever you need to in connection
3 with the State Court. You know, there's -- the receiver was
4 appointed and that Court has been issuing lots of different
5 rulings. I think that, to the extent that you have concerns
6 about anything that involves the budgetary concerns of the
7 City, I think that you should go to that court.

8 I was concerned at the outset because it was my
9 understanding that some of the allegations might be that
10 there were parties involved in this bankruptcy proceeding
11 that may have made payments to Mr. Pfeiffer's firm in
12 connection with his representation of the City here, and
13 certainly, that's something that I'd want to know. But
14 you've just heard him confirm that that's not the case.

15 So I think that any other concerns that you have is
16 something that should be taken up by the State Court.

17 I don't know if anyone wanted to -- if the debtor -
18 - I didn't ask the receiver if they had any position. I
19 mean, I know that you've -- you didn't know where the money
20 was coming from and I didn't really give you an opportunity
21 to jump in. But you see where I'm going. Was there anything
22 else that you wanted to add to this before we move on?

23 MR. SUMMERS: Just to, I think, reiterate, Your
24 Honor, that the receiver, which is the sole actor for the
25 City in this bankruptcy case, has not approved any

1 arrangement, fee agreement with Buchanan Ingersoll to
2 represent the elected officials in this case and, you know,
3 is not -- to our knowledge, an engagement agreement hasn't
4 been signed, so we want to clarify that.

5 And then, two, with respect to Mr. Kent's comments
6 about the asset purchase agreement, the -- I think as Mr.
7 Kent knows, the receiver has not signed the asset purchase
8 agreement. So, as of -- you know, he's decided not to sign
9 it at this point. So I just want to make sure that that's
10 clear, as well.

11 THE COURT: All right. So, Mr. Pfeiffer, I didn't
12 know if you wanted to respond to any of that?

13 MR. PFEIFFER: No, Your Honor.

14 THE COURT: Okay. All right. He heard your
15 statement, Mr. Summers. And I guess, if there's anything
16 more, we'll hear about that in the future.

17 But with all of that having been said, I am going
18 to deny the motion now that I'm at least clear on the fact
19 that no fees for this bankruptcy have been paid by any of the
20 interested parties in this case. So that kind of takes me
21 out of the issue.

22 And you're certainly welcome to file whatever you
23 need to State Court with regard to your concerns. Thank you,
24 Mr. Kent.

25 MR. KENT: Understood, Your Honor. Thank you.

1 THE COURT: Thank you, Mr. Pfeiffer, thank you, Mr.
2 Summers.

3 MR. PFEIFFER: Thank you, Your Honor.

4 THE COURT: All right. The matter is concluded.
5 Thank you, everybody. And I'm sorry again for the delay.
6 Thanks.

7 MR. KENT: Thank you.

8 (Proceedings concluded)

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of my knowledge and ability.



July 27, 2023

Coleen Rand, AAERT Cert. No. 341
Certified Court Transcriptionist
For RedDoor Legal Services